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Third progress report on the adoption of the International Public Sector Accounting Standards by the United Nations

Report of the Secretary-General

Summary

The General Assembly, in its resolution 60/283, approved the adoption of the International Public Sector Accounting Standards (IPSAS) for the presentation of the financial statements of the United Nations, in tandem with a United Nations system-wide move to adopt the Standards.

IPSAS are accounting standards that will guide the presentation of the financial statements of the Organization but their implementation is far from being only an accounting project; as IPSAS-compliant accounting policies are put in place, there is a need to change procedures, detailed workflows and instructions, as well as the control framework that underpin financial accounting and reporting. The result will be a major organizational change impacting the business process and general management. It has been recognized that the vigorous information requirements to produce IPSAS-compliant financial statements for the Organization will necessitate a change to a robust, global information system.

The Secretary-General has submitted two progress reports on the adoption of IPSAS to the General Assembly: the first progress report (A/62/806) covered the period from August 2006 to March 2008 and the second (A/64/355) covered the period from 1 April 2008 to 31 July 2009. The present report details the activities towards IPSAS implementation for the period from 1 August 2009 to 31 July 2010, with separate sections describing progress across the United Nations system and at the United Nations itself.

The General Assembly is requested to take note of the present report.

* A/65/150.

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Contents

		Page
I.	Introduction	3
II.	United Nations system-wide IPSAS adoption activities	4
	A. Overview	4
	B. System-wide project governance, organization and budget	5
	C. IPSAS-compliant accounting policies/guidance	6
	D. Communication and training	7
	E. Progress towards adoption of IPSAS by United Nations system organizations	8
III.	Adoption of IPSAS at the United Nations	9
	A. Overview	9
	B. Project governance and organization	10
	C. United Nations IPSAS Implementation Project Team activities	10
	D. Collaboration with the Umoja Project	14
	E. Communication and training	15
	F. Status of expenditures	16
IV.	Action to be taken by the General Assembly	17
Annex		
	United Nations organizations: dates of implementation of IPSAS as at 31 July 2010	18

I. Introduction

1. On 30 November 2005, the High-Level Committee on Management, which promotes harmonization of business practices across the United Nations system, made the landmark recommendation that the United Nations system organizations move from the internally developed United Nations system accounting standards to the International Public Sector Accounting Standards (IPSAS) for the presentation of the organizations' financial statements. It had become widely recognized by the stakeholders of the United Nations system organizations that the United Nations system accounting standards did not keep abreast with the rapidly changing international accounting environment and that IPSAS, independently developed through a rigorous due process, had become accepted as international best practice for accounting and reporting by Governments and international governmental organizations, and would improve the quality, comparability and credibility of financial reporting within the United Nations system. The High-Level Committee on Management recommended that all United Nations system organizations adopt IPSAS effective no later than 2010.

2. In 2006, the High-Level Committee on Management established a jointly funded system-wide project to support the development of a harmonized framework of IPSAS-compliant policies and achieve economies in addressing common IPSAS implementation issues across United Nations system organizations. The system-wide project was initially approved for the period 2006 to 2009, and was subsequently extended to 2011. By the end of 2007, the system-wide project team had developed a portfolio of IPSAS-compliant policies and guidelines that has been accepted by United Nations system organizations as providing a stable platform for facilitating harmonization of IPSAS-compliant financial reporting across the United Nations system. In 2009, a suite of 18 training courses on IPSAS was developed to further support harmonization of IPSAS implementation throughout the United Nations system.

3. An external review to determine the strategic direction and modalities for continuation of IPSAS system-wide support for the biennium 2012-2013 is currently being undertaken.

4. Over the review period, the World Food Programme (WFP) obtained its second unqualified audit opinion on its IPSAS-compliant financial statements, having presented its annual financial statements as of 31 December 2009. WFP, which adopted IPSAS in 2008, is to date the only United Nations system organization to have successfully implemented IPSAS.

5. All other United Nations system organizations continued to make progress towards implementing IPSAS. However, as more experience was gained regarding the complexities involved in the implementation of IPSAS, concerns emerged regarding the readiness of the other United Nations organizations with regard to the 2010 timeline. Recognizing this, the High-Level Committee on Management asked organizations to review their IPSAS target dates and make adjustments, if necessary. As a result, many United Nations organizations revisited and revised their IPSAS target dates as dictated by unfolding realities related to required changes to information systems and policies and procedures, as well as the scale of change management activities required.

6. At the United Nations, the Secretary-General, in his report (A/60/846/Add.3), recommended the adoption of IPSAS for the Organization by 2010; the Standards were proposed within the context of the Secretary-General's reform measures for a stronger Organization worldwide.

7. The Advisory Committee on Administrative and Budgetary Questions, in its related report (A/60/870), recommended the adoption of IPSAS by the United Nations, but noted that IPSAS implementation activities would need to be synchronized with progress towards the introduction of a new information technology system for the Organization. In its resolution 60/283, the General Assembly approved the adoption of IPSAS by the United Nations, the resources to begin implementing IPSAS and the replacement of the Organization's current information systems with a next generation enterprise resource planning system.

8. The Secretary-General submitted his first progress report on the adoption of IPSAS (A/62/806), in April 2008, which communicated a target date of 2011 for IPSAS adoption; that target date was adjusted to 2012 based on the view expressed by the Advisory Committee on Administrative and Budgetary Questions in paragraph 9 of its report (A/63/496). In his second progress report (A/64/355), the Secretary-General stated that the strategy and timeline of Umoja, the United Nations project to implement a new enterprise resource planning system, had been adjusted and as a result, the target date for the first full set of IPSAS-compliant financial statements for the Organization had been revised to 2014. Over the review period, the United Nations IPSAS Implementation Project made significant progress towards that goal in the areas of accounting policies and guidance, and change management activities. Further, the IPSAS Project Team partnered with the Umoja Project Team towards the goal of an IPSAS-compliant Umoja design.

9. The present report provides details of the progress towards IPSAS implementation for the period from 1 August 2009 to 31 July 2010. Section II provides details of progress towards IPSAS implementation at the system-wide level followed by progress at the United Nations, which is presented in section III. Action to be taken by the General Assembly is in section IV of this report.

II. United Nations system-wide IPSAS adoption activities

A. Overview

10. In 2006, the High-Level Committee on Management approved a four-year (2006-2009) jointly funded system-wide project to support, facilitate and guide United Nations system organizations in the adoption and implementation of IPSAS. Responsibilities of the system-wide project team included developing harmonized system-wide accounting policies and guidance, monitoring of organizations implementation progress, sharing of information, including lessons learned by early adopters, providing input into the development of new standards issued by the International Public Sector Accounting Standards Board communicating IPSAS information and developing IPSAS training material. Information regarding the system-wide team activities since the last progress report (A/64/355) is described in the following sections, together with further information on the project's strategic orientation.

11. During the period covered by the present report, the system-wide team continued to pursue the areas of work previously identified by the High-Level Committee on Management including:

(a) Providing support to the Task Force and Steering Committee meetings;

(b) Preparation and follow-up of progress reports on IPSAS implementation to the High-Level Committee on Management and the General Assembly;

(c) Drafting frameworks and working tools in support of a harmonized approach to IPSAS implementation;

(d) Preparing and supporting the external review of the project;

(e) Activation of thematic working groups on specific IPSAS implementation issues;

(f) Follow-up and monitoring of IPSAS training activities and system-wide training materials;

(g) Monitoring of the IPSAS Board activities and preparation of updates to the Task Force;

(h) Ad hoc support to United Nations system organizations on various IPSAS policy and implementation issues.

B. System-wide project governance, organization and budget

12. The system-wide IPSAS adoption project falls under the auspices of the High-Level Committee on Management. The system-wide project team reports to a steering committee, with members from organizations headquartered in New York, Geneva, Rome and Vienna. The steering committee is accountable to the Task Force on Accounting Standards, which is accountable, through the Finance and Budget Network, to the High-Level Committee on Management.

13. In 2006, the High-Level Committee on Management endorsed an initial four-year (2006-2009) budget for the system-wide project. In February 2009, the High-Level Committee on Management approved the continuation of the system-wide project for the biennium 2010-2011 in order to maintain a harmonized system-wide approach and to support United Nations system organizations through revised deadlines for IPSAS implementation that now range from 2010 to 2014.

14. The current biennium budget for the United Nations system-wide project is $1.33 million; a 43 per cent reduction of the project budget in comparison with the previous biennium reflects the revised scope of work approved by the High-Level Committee on Management. As the system-wide team has been understaffed for a substantial part of the 2006-2009 period, the current biennium requirements have been fully funded through underexpenditures from prior periods.

15. Given the request of the High-Level Committee on Management for information on the modalities for continuation of the project beyond 2011 and the changing needs of the implementing organizations, an external review is currently being undertaken to identify strategic directions, activities and resource requirements of the system-wide project going forward. Pending the results of the

project review, the system-wide team continued to pursue the areas of work previously identified by the High-Level Committee on Management.

C. IPSAS-compliant accounting policies/guidance

Accounting guidance

16. A stable policy platform in support of harmonized adoption of IPSAS throughout the United Nations system was deemed to have been established in 2007. The focus since then has been further guidance on specific IPSAS requirements. During the period under review, the system-wide team developed three Decision Papers on specific aspects related to the treatment of employee benefits, receivables from assessed contributions and donated rights to use premises under joint arrangements. The Task Force reviewed and endorsed those papers at its December 2009 meeting.

Thematic working groups

17. With input from the Task Force, in May 2010 the system-wide project team activated five thematic working groups on specific IPSAS implementation issues in the areas of accounting for employee benefits, controlled entities, common services, donated rights to use premises under joint arrangements and inventories. These working groups will further improve organizations understanding of IPSAS requirements and facilitate exchange of knowledge and best practices with the system-wide team. Papers resulting from these working groups will represent a useful complement to the existing set of system-wide policies and guidance.

18. In May 2010, the Task Force approved an approach to manage emerging accounting policy diversity among organizations arising from differences in regulatory frameworks, institutional arrangements, implementation mandates and modalities, business models and alternatives allowed by IPSAS. The envisaged process to manage accounting policy diversity includes establishing a baseline of policies and practices where diversity exists, monitoring of changes and factors impacting diversity and establishing system-wide processes for further harmonization.

IPSAS Board involvement

19. The IPSAS Board is the body that develops and issues IPSAS standards and amends existing standards as needed. The system-wide team is responsible for effectively representing United Nations system issues to the IPSAS Board and communicating Board developments to Task Force members. The Board increased its output during 2009 and in particular in the second half of that year, when it concluded its project of "convergence" of IPSAS with International Financial Reporting Standards/International Accounting Standards with the issuance of four new IPSAS standards. In the first part of 2010, the IPSAS Board focused on the development of the IPSAS Conceptual Framework, which has the potential to significantly shape the body of standards going forward. In this period, the system-wide team continued to attend IPSAS Board meetings as an observer, bringing forward the United Nations system perspective, and kept updating the Task Force on the Board's activities.

D. Communication and training

Task Force meetings and information sharing

20. On average, two Task Force meetings a year are held; in 2010, one meeting was held via videoconference with nine locations and the upcoming face-to-face meeting will be hosted by the Pan American Health Organization in Washington, D.C. In addition, on at least a bimonthly basis, the system-wide project's Steering Committee meets to discuss project governance and IPSAS implementation issues. During the review period, the system-wide team fully supported these two forums, drafting briefs and documents, supporting the decision-making process and providing technical and administrative support to the chair of the Task Force. The system-wide team is also responsible for providing IPSAS progress reports every six months to the High-Level Committee on Management. The system-wide team collected information, documents and materials from individual organizations on their IPSAS implementation, such as accounting manuals, training materials, charts of accounts, revised financial regulations and rules and shared them with Task Force members.

Working with external auditors

21. External auditors of United Nations system organizations have been acknowledged as key stakeholders of the IPSAS implementation process. Although considerable efforts have been made at the system-wide level and at the individual organization level through bilateral discussions, organizations identified the need for a framework to guide their interactions with their external auditors throughout IPSAS implementation, building on lessons learned by early adopters. The system-wide team drafted such a framework based on the successful experience of WFP collaborating with its external auditor. Once endorsed by the Task Force, this framework will be shared with the Panel of External Auditors so that guidance included is utilized where applicable by organizations and auditors during IPSAS implementation.

Training

22. In an effort to harmonize the approach to IPSAS adoption and to achieve economies of scale, the High-Level Committee on Management tasked the system-wide team to produce a comprehensive suite of IPSAS training materials. Following a major depletion of team resources at the end of 2008, the United Nations IPSAS Implementation Team took the leadership of the project and in December 2009 completed and made available to the United Nations system organizations the suite of 18 IPSAS training products, including 7 computer-based training courses and 11 instructor-led training courses.

23. The seven computer-based training courses are self-directed materials to raise awareness of IPSAS concepts and provide working-level knowledge training. They were made available on three platforms — Internet, compact disc and learning management system. Instructor-led trainings include animations, United Nations system-specific examples, learning checkpoints and end-of-course assessments.

24. The 11 instructor-led training courses to be delivered in a classroom style support conceptual training at the intermediate and advanced levels. During the course of the project, the United Nations IPSAS Implementation Team received

support from consultants contracted at the United Nations system-wide level, the system-wide IPSAS Project Team, a United Nations system-wide Training Advisory Group, IPSAS team members from the International Atomic Energy Agency and the United Nations Population Fund and other members of the United Nations Secretariat.

25. Since courses were made available to organizations, a few technological issues of a system-wide nature have been addressed as they arose and a technical maintenance contract is being arranged to provide technical support over the next years.

E. Progress towards adoption of IPSAS by United Nations system organizations

Revised IPSAS implementation dates

26. For an organization to adopt IPSAS effective 2010, all policies, procedures and systems should be in place by 1 January 2010. Because of the time needed to make changes to policies, procedures and systems, most organizations would need to have completed key implementation steps, such as budget approval, development of detailed project plans, and an assessment of necessary information system changes, a minimum of two years before their target date.

27. Concerns about some organizations readiness by 2010 emerged during 2008, when it became clear that organizations had not completed key steps, and were brought to the attention of the High-Level Committee on Management. At its February 2009 meeting, the High-Level Committee on Management encouraged organizations to take appropriate steps to achieve the 2010 target date where possible, but also to review and adjust their target dates if necessary. As of 30 June 2009, 11 organizations revised their original timeline; two further revisions took place by 31 December 2009. The main reasons organizations reported deferral of IPSAS implementation are:

(a) Delays experienced in gaining approval for necessary funding;

(b) The need to align IPSAS timetables with related enterprise resource planning project timetables;

(c) An improved appreciation of the scale and complexity of the work involved after completing a diagnosis of required procedures and systems changes;

(d) Problems in recruiting and retaining project staff;

(e) Competing reform initiatives limiting staff ability to engage on IPSAS issues.

28. As of 30 June 2010, two of the four organizations that had previously reported 2011 as their implementation year, have changed to 2012 and one 2012 organization is now aiming for 2014. This changes the number of organizations aiming for each year as follows:

2010	Eight organizations
2011	Two organizations
2012	Nine organizations
2014	Two organizations

29. A list of organizations and their IPSAS implementation dates, as of 31 July 2010, is provided in the annex to the present document.

Cross-cutting IPSAS implementation issues

30. Several implementation issues common to many United Nations system organizations have been closely monitored, discussed and reported by the system-wide Task Force on Accounting Standards.

31. Review of information system requirements is a significant endeavour, which in some cases overlaps with implementation of new enterprise resource planning systems, especially by large and decentralized organizations. When the IPSAS and enterprise resource planning projects are linked, organizations may face significant risks of delays and uncertain deadlines, since their IPSAS implementation is conditional on funding and project management of their enterprise resource planning projects.

32. Training and communication plans have been issued by most organizations throughout the system. Challenges ahead include use of consultants, customization of training material, delivery of face-to-face training, and timing of delivery of training to various audiences in relation to established IPSAS timelines.

33. External auditors' engagement in IPSAS implementation varies widely across the United Nations system. In some cases, organizations expressed general appreciation for auditors' support on IPSAS-related issues; some organizations expressed concern with regard to the lack of formal feedback by auditors on proposed accounting policies and the lack of a proactive approach towards one-time choices, such as the establishment of functional requirements of new enterprise resource planning projects.

III. Adoption of IPSAS at the United Nations

A. Overview

34. In its resolution 64/243, the General Assembly, having considered the second progress report of the Secretary-General on the adoption of IPSAS (A/64/355) and the related recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/64/531), confirmed that the new enterprise resource planning system will serve as the backbone for implementing IPSAS, highlighting the continued dependency of the IPSAS project on progress towards the implementation of Umoja.

35. The first Umoja progress report (A/64/380) projected the pilot deployment during the fourth quarter of 2011 and a fully functional enterprise resource planning system Organization-wide by the end of 2013. As a result, implementation was targeted for 2014 for issuing the first full set of IPSAS-compliant financial statements. In the second progress report on Umoja, Umoja has communicated that it remains on track to deliver according to the strategy and timeline presented in its first progress report. Accordingly, the revised target date for IPSAS of 2014 remains unchanged.

36. With synchronized target dates for IPSAS and Umoja and after the completion of the development of the 18 IPSAS training products by the United Nations IPSAS Project Team, the momentum of the project turned towards finalization of a comprehensive portfolio of IPSAS-compliant accounting policies during the period under review. Further, the IPSAS and Umoja teams worked closely on the Umoja design that began the process of operationalizing the IPSAS policies. Change management activities increased, notably in the areas of communication and training as the IPSAS Steering Committee increased monitoring progress towards IPSAS implementation.

B. Project governance and organization

37. The United Nations IPSAS Steering Committee is the main decision-making body on policy issues relating to IPSAS implementation at the United Nations. As communicated in the second progress report on the adoption of IPSAS (A/64/355), the governance model of the IPSAS Implementation Project was reassessed in 2009 and a decision was made to expand the role and membership of the IPSAS Steering Committee. Further, during the review period, representatives from the United Nations Environment Programme, and UN-Habitat were added to the Steering Committee. The Steering Committee now has broad representation from the global Secretariat.

38. Under this expanded mandate, the Steering Committee provided strong leadership to the IPSAS Implementation Project. During the period under review, the Steering Committee met formally once per month via videoconference and held its first face-to-face meeting in the autumn of 2009. Over the period, the Steering Committee considered, inter alia, the IPSAS project workplan, the IPSAS training plan, proposals for a number of communication products and events, the statement of work for the proposed IPSAS consultancy, joint projects of IPSAS and Umoja and a number of policy proposals from its working groups.

39. The governance model of the IPSAS project was also expanded to include periodic review of progress towards IPSAS adoption by the Management Committee; the next review is scheduled to take place in the autumn of 2010.

C. United Nations IPSAS Implementation Project Team activities

40. The United Nations IPSAS Implementation Project Team continued to lead the transitioning of the Organization to the requirements of IPSAS and made significant progress in the areas of articulating proposals for IPSAS-compliant accounting policies for United Nations-specific issues, such as consolidation under IPSAS, accounting for donated right-to-use arrangements, goods and services in kind, employee benefits, intangible assets, related party disclosures, and presentation of budget information in the financial statements; identifying areas for progressive implementation of IPSAS requirements and supporting the required changes to the financial statements; drafting the statement of work for the IPSAS consultancy; documenting IPSAS-compliant model financial statements; working with Umoja to build an IPSAS-compliant chart of accounts; the development of training and communication products and the deployment of the first phase of IPSAS training for the Organization.

41. The Steering Committee set up working groups to assist it to discharge its responsibilities for the IPSAS Implementation Project. The working groups are managed by the United Nations IPSAS Implementation Project Team, which is accountable to the Steering Committee for any tasks and duties delegated to the working groups. The participants of the working groups are drawn from the various offices represented at the committee level and from any other areas of expertise considered necessary.

Development of accounting policies and guidance

42. Over the review period, the most significant work of the United Nations IPSAS Implementation Project Team in the area of IPSAS policy development relates to donated rights to use premises, the Capital Master Plan and consolidation under IPSAS, as discussed in paragraphs 43 to 48 of the present report.

Donated rights to use premises

43. The United Nations is involved in a number of significant arrangements under which it occupies premises under donated rights-to-use agreements; in some cases the donated rights relate to premises that are shared among a number of United Nations system organizations, such as in the case of the Vienna International Centre, which the United Nations occupies jointly with IAEA, the United Nations Industrial Development Organization (UNIDO) and the Preparatory Commission for the Nuclear-Test-Ban Treaty Organization, collectively referred to as Vienna-based organizations. The High-Level Committee on Management encourages harmonized IPSAS-compliant accounting treatment across United Nations system organizations in such arrangements of donated rights-to-use joint premises. IPSAS is not prescriptive regarding these donated rights-to-use premises arrangements and the Task Force on Accounting Standards has recognized that a range of treatments from note disclosure to asset recognition would be IPSAS-compliant. The United Nations IPSAS Implementation Team has reviewed the case of the Vienna International Centre and under the guidance of the Steering Committee developed a proposed accounting policy on the issue with note disclosure as the preferred approach, and has communicated this to the Board of Auditors and to the other organizations party to the Vienna International Centre arrangement. To date, there is no consensus among the organizations on this issue, which has assumed greater urgency as UNIDO plans to issue IPSAS-compliant financial statements as at 31 December 2010. The Technical Group of the Panel of External Auditors has recommended that the organizations party to the Vienna International Centre arrangement come to a consensus on the treatment of the right to use the Vienna International Centre premises.

44. Status-of-forces and status-of-mission agreements in peacekeeping operations often include significant donated rights-to-use premises arrangements; the decision on the IPSAS-compliant accounting treatment of the Vienna International Centre premises will set the precedent for the accounting treatment of those Host Government arrangements. At the time of writing of the present report, discussions on the treatment of the Vienna International Centre premises were ongoing.

Accounting for the capital master plan

45. As the Organization moves towards the requirements of IPSAS, one of the biggest challenges with regard to the capital master plan is to distinguish between the costs to be expensed and those to be capitalized. IPSAS require that only costs that are directly related to the construction of the asset should be capitalized, such as professional fees, design and construction management, drilling and geotechnical consulting, direct labour, site preparation and costs of dismantling the item. Significant leasehold improvements of "swing spaces" should also be capitalized but only for the duration of the lease. Other costs, such as moving costs to temporary offices, administration costs, cleaning, printing and maintenance, should be expensed as incurred.

46. Working together with the Capital Master Plan Office and the Accounts Division, the United Nations IPSAS Implementation Team conducted an analysis and compiled a report of the capital master plan financial data from inception to 2009, separating the costs to be expensed and those to be capitalized in compliance with IPSAS requirements. The results have been reflected in the audited financial statements as at 31 December 2009.

Consolidation under IPSAS

47. In accordance with the recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/64/531, para. 13), the United Nations IPSAS Implementation Team did a further study of consolidation under IPSAS over the review period. Guided by IPSAS principles, the approach of the United Nations IPSAS Implementation Team was to identify the "core" reporting entity of the Organization and then apply the "control test" to determine the group of entities to be consolidated. The United Nations IPSAS Implementation Team first identified the core reporting entity of the United Nations as consisting of all its principal organs and the results of the "control test" suggested that consolidation of a number of separate reporting entities, including the Funds and Programmes is allowable under IPSAS. However, noting that IPSAS is not prescriptive as to the identification of the "core" reporting entity, and that current guidance of the IPSAS Board's conceptual framework indicates that the reporting entity can be specified in legislation, regulation or other authority, and that it may be an administrative arrangement without legal identity, the United Nations IPSAS Implementation Team's conclusion is that there is no clear requirement for consolidation under IPSAS for the United Nations and its related entities, including the Funds and Programmes. Consolidation is classified as a "grey" area with a wide range of options that could be IPSAS-compliant for the United Nations. Accordingly, the Secretariat intends to adopt the most pragmatic policy and approach that is within the boundaries of IPSAS. Thus, the proposal is for the United Nations not to consolidate, and to continue with the current arrangements for separate volumes of IPSAS-compliant financial statements, including those for Volume II for peacekeeping operations. The United Nations Funds and Programmes would also continue to submit separate financial statements under the current arrangements of delegated administrative autonomy with separate mandates and funding sources.

48. While acknowledging the decision to consolidate financial statements rests with Member States, the United Nations IPSAS Implementation Team has shared this proposal with the Office of Legal Affairs, requesting it to determine whether

there were any adverse legal implications or issues. In response, the Office of Legal Affairs has indicated that it has no objection, from the legal perspective, to the proposal by the United Nations IPSAS Implementation Team that the United Nations would not present consolidated financial statements under IPSAS, and that the Funds and Programmes and other related entities would prepare separate volumes of IPSAS-compliant financial statements. Plans are under way to hold further consultations with the Funds and Programmes and the Board of Auditors on this issue.

Progressive implementation of IPSAS

49. The IPSAS Implementation Project has adopted the strategy of progressive incorporation of IPSAS requirements to the extent allowed by the current information systems of the Organization and as permitted by the United Nations system accounting standards. However, because of limitations of the current information system, these changes are necessarily limited. The 2009 audited financial statements include additional note disclosures for contributions in kind, including those received under the Status of Forces Agreement and the Status of Mission Agreement arrangements, modifications of the capitalization policy for the Capital Master Plan and determination of the liabilities for repatriation benefits and unused vacation days on an actuarial basis.

Consultancy for implementation of IPSAS

50. The statement of work for consultancy services for the implementation of IPSAS is in progress and will focus on:

(a) Validation of accounting policies, procedures and operational guidelines relating to the implementation of IPSAS;

(b) Documentation of an effective IPSAS implementation strategy;

(c) Providing support for the preparation of non-expendable property and expendables data for conversion to IPSAS;

(d) Determining the IPSAS-compliant opening statement of financial position;

(e) Developing an accounting manual for the Organization.

The consultants are expected to be on board early in 2011, and their services will be required until the implementation of IPSAS in 2014.

Development of training products

51. Over the first half of the review period, the IPSAS Implementation Team spent much of its time finalizing the development of the IPSAS training products for use by United Nations system organizations. As mentioned in paragraph 22 above, the United Nations Team produced 18 courses which were deployed to United Nations system organizations in December 2009.

D. Collaboration with Umoja Project

The Umoja high-level design

52. The United Nations IPSAS Implementation Project Team fully engaged with the Umoja Finance Team in the high-level design of the enterprise resource planning to ensure that the requirements of IPSAS are incorporated in the "to be processes" of the new system. This has included several joint workshops with broad participation, starting with the Chief Finance Officers workshop in November 2009. That workshop took place in New York from 8 to 12 November 2009; its focus was to provide an initial validation of a proposal presented by the joint Umoja Finance Team and the IPSAS Project Team on the Umoja high-level "to be" design and IPSAS requirements. That forum was used to communicate progress towards IPSAS adoption and to maintain the support for the change to IPSAS of that major group of stakeholders.

53. Subsequently, a two-week workshop was held in May 2010, followed by a one-week workshop in Geneva. The result was the development of a proposal of the format of the IPSAS-compliant financial statements under IPSAS, a number of IPSAS-compliant accounting policies and a chart of accounts designed to support IPSAS-compliant reporting. Further, during the IPSAS/Umoja workshops, a preliminary framework for the coding block, the detailed information captured at the transactional level that will drive financial as well as management reporting under SAP software, was proposed. These proposals will be further developed and are expected to be validated with a wider group of subject matter experts later in the autumn of 2010.

54. Given the most recent timetable of the Umoja project to make available the full enterprise resource planning to the Organization by the end of 2013 and the dependencies of IPSAS on a successfully deployed enterprise resource planning system Organization-wide, the IPSAS project modified its timetable to issuing of the first full set of IPSAS-compliant financial statements to 2014. Among the challenges for the United Nations for the period commencing with the launch of the first enterprise resource planning pilot in 2011 to the time of full enterprise resource planning implementation by the end of 2013, is production of financial statements based on a single set of accounting standards. During the biennium 2010-2011, the Organization will continue to prepare financial statements in accordance with the current accounting standards, that is, the United Nations system accounting standards. The biennium 2012-2013 will be a difficult transition period, with additional challenges arising from some offices being under IPSAS policies and others under United Nations system accounting standards. As financial statements must use the same accounting policies across all offices included therein, the Accounts Division and the United Nations IPSAS Implementation Project Team will determine in conjunction with the Umoja Project Team a process for the production of appropriate United Nations system accounting standards-compliant reports for those offices that will have converted to Umoja during the transitional period, in order to support the preparation of United Nations system accounting standards-compliant financial statements up to 31 December 2013.

55. As for the financial statements for peacekeeping operations, the current plan is to produce the first IPSAS-compliant financial statements as at 30 June 2014. An evaluation will be made on the feasibility of preparing IPSAS-compliant financial

statements for the fiscal year ending 30 June 2013, taking into consideration the planned completion of Umoja implementation at peacekeeping missions by the second quarter of 2013.

E. Communication and training

Communication

56. Recognizing that effective communication is integral to the success of any large-scale change project, the IPSAS Implementation Team developed new communication pathways. In April 2010 the United Nations IPSAS Implementation Team launched *The IPSAS InSight*, a quarterly electronic publication that provides information regarding progress towards the implementation of IPSAS at the United Nations and addresses frequently asked questions about the project from staff. *The IPSAS InSight* will also serve as a tool to build conceptual knowledge as each issue is expected to include an article addressing a technical accounting topic.

57. In addition, numerous briefings were given to key stakeholders with a view to keeping them informed and engaged. They included briefings of the Management Committee, Chief Administrative Officers, Chief Procurement Officers, Senior Management of the Department of Field Support, Logistics Officers and property managers, the Independent Audit Advisory Committee, Training Managers, Executive Officers, Budget Officers and Chief Finance Officers.

Training

Launch of computer-based training at the United Nations

58. Computer-based IPSAS training at the United Nations was officially launched in January 2010. The first course, Computer-Based Training 1, aims at creating awareness of IPSAS while the other six computer-based training courses are for the development of conceptual skills at the working level, covering topics such as the basics of IPSAS, accounting for property, plant and equipment, inventory, employee benefits, leases and provisions and contingent liabilities and contingent assets. All administrative staff were encouraged to take computer-based training 1 on IPSAS orientation, and the remaining six courses to be taken by the various functional groups, depending on their needs. Computer-based IPSAS training is progressing well, with close to 3,300 electronic certificates issued to staff members who successfully completed the computer-based training courses by the end of July 2010.

Plans for instructor-led training

59. The training strategy at the United Nations calls for self-directed training via computer-based training courses during the earlier stages of IPSAS implementation and instructor-led training courses to be deployed closer to the IPSAS implementation date. A plan has been prepared for the deployment of IPSAS instructor-led training courses, which is scheduled to commence during the first quarter of 2011. A training survey will be used to identify specific staff members to be trained and to fine-tune the arrangements for the instructor-led training courses, which will be conducted at selected regional centres.

Plans for IPSAS/SAP training

60. As communicated in the first progress report on the adoption of IPSAS (A/62/806), the training strategy for IPSAS calls for the incorporation of IPSAS elements in the development and deployment of enterprise resource planning training. This will be a joint effort of the IPSAS and Umoja teams. As IPSAS will be implemented simultaneously with Umoja, training strategies will be aligned in a manner that is consistent with the overall training programme of the Organization, achieving economies of scale in the process. The IPSAS Steering Committee noted the request of the Advisory Committee on Administrative and Budgetary Questions in its report (A/64/531, para. 12), to ensure close coordination between the enterprise resource planning and IPSAS team in this regard, and has requested that detailed plans be put in place for this joint effort.

F. Status of expenditures

61. In its resolution 60/283, the General Assembly approved the resources to begin the process of implementation of IPSAS at the United Nations. The table below provides a summary of the expenditures by the United Nations IPSAS Implementation Project for the bienniums 2006-2007 and 2008-2009, the initial appropriation for the biennium 2010-2011, and expenditures for the biennium 2010-2011 as at 31 July 2010, by funding source.

IPSAS adoption at the United Nations 2006-2011

(Thousands of United States dollars)

Object of expenditure	*2006-2007 expenditures*	*2008-2009 expenditures*	*2010-2011 initial appropriations*	*2010-2011 expenditures 31 July 2010*[a]
Regular budget				
Posts	370.4	1 270.6	1 179.7	291.8
General temporary assistance	—	—	662.6	0.4
Consultants	—	—	490.8	—
Travel	10.2	46.6	156.3	56.6
Contractual services	16.4	0.3	608.6	12.5
Other	10.9	24.2	23.7	—
Section 28B, Office of Programme Planning, Budget and Accounts	407.9	1 341.7	3 121.7	361.3
Section 31, Jointly financed activities	427.1	732.2	417.9	104.0
Total regular budget	**835.0**	**2 073.9**	**3 539.6**[b]	**465.3**
Peacekeeping support account				
General temporary assistance	324.2	547.6	754.1	191.6
Consultants	—	—	2 034.1	—
Travel	—	2.6	284.9	5.2
Total support account for peacekeeping operations	**324.2**	**550.2**	**3 073.1**[c]	**196.8**
Grand total	**1 159.2**	**2 624.1**	**6 612.7**	**662.1**

[a] Represents estimates.

[b] Represents initial appropriations in accordance with General Assembly resolutions 64/244 A-C.

[c] Represents the prorated appropriation for the period 1 January to 30 June 2010, the appropriation for the peacekeeping period 1 July 2010 to 30 June 2011 and the estimated prorated amount for the period 1 July to 31 December 2011.

IV. Action to be taken by the General Assembly

62. **The General Assembly is requested to take note of the present report.**

Annex

United Nations organizations: dates of implementation of IPSAS as at 31 July 2010

Organization	*IPSAS implementation date*
1. WFP (*completed*)	2008
2. ICAO	2010
3. IMO	2010
4. ITU	2010
5. PAHO	2010
6. UNESCO	2010
7. UNIDO	2010
8. WIPO	2010
9. WMO	2010
10. IAEA	2011
11. UPU	2011
12. FAO	2012
13. ILO	2012
14. UNDP	2012
15. UNFPA	2012
16. UNHCR	2012
17. UNICEF	2012
18. UNOPS	2012
19. UNRWA	2012
20. WHO	2012
21. United Nations	2014
22. UNWTO (Tourism)	2014